

## Message Text

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ACTION AF-18

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E.O. 11652: N/A

TAGS: BPRO, EFIN, EIND, MR, US

SUBJ: EXIM LOAN AGREEMENT: LANG/PRITCHARD SUGAR REFINERY

REF: STATE 208324 AND NOUAKCHOTT 1319

SUMMARY: DISCUSSED CONTENTS STATE REFTEL (EXCEPT PARA FIVE) WITH MININDUSTRIAL DEVELOPMENT AND PLAN SIDI SEPTEMBER 21 AND URGED HIM VISIT EXIM FOR LOAN TALKS WHILE HE IN WASHINGTON. MINISTER PROMISED DO SO, PROBABLY IN COMPANY WITH CENTRAL BANK GOVERNOR OULD DADDAH ON OCTOBER 2ND OR 3RD FOLLOWING END IMF/IBRD MEETINGS. MEANWHILE, DIRINDUSTRIES BABA SHOULD BE ARRIVING WASHINGTON WEEK SEPTEMBER 23 BEGIN DISCUSSIONS WITH EXIM OF FINANCIAL DETAILS AND WITH PRITCHARD ON ENGINEERING DESIGN.

1. APPRECIATE FAST REPLY (STATE REFTEL) MY QUERIES ON EXIM ATTITUDES TOWARD PRITCHARD PROJECT LOAN. DURING SEPTEMBER 23 MEETING, OUTLINED TO SIDI CONTENTS STATE REFTEL, BUT DID NOT MENTION EXIM RESERVATIONS CONCERNING LANG. IN RESPONSE TO QUESTIONS ABOUT FINANCING COST OVERRUNS AND RAW SUGAR SOURCES, MINISTER PROVIDED FOLLOWING WHICH HE INTENDS DETAIL FOR EXIM: GIRM HAS SIX MILLION DOLLARS REMAINING FROM 10.4 MILLION DOLLAR LIBYAN LOAN WHICH AVAILABLE FINANCE ADDITIONAL SUGAR REFINERY CONSTRUCTION COSTS. AS OUTLINED NOUAKCHOTT 1318, LIMITED OFFICIAL USE

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SIDI WILL NOT, HOWEVER, COMMIT HIMSELF TO PAYING COSTS OVERRUNS

UNTIL A) PRITCHARD MAKES A START ON CONSTRUCTION AND B) PRITCHARD PRESENTS SOLID EVIDENCE (E.G. PROFORMA INVOICES) DOCUMENT INCREASED COSTS. IN ANY EVENT SIDI DOES NOT RPT NOT INTEND SEEK ADDITIONAL EXIM FINANCING. ON QUESTION RAW SUGAR SOURCES, SIDI STATED HE HAS NO RPT NO IRON-CLAD COMMITMENTS FROM SUPPLIERS. HE HAS, HOWEVER, RECEIVED POSITIVE ASSURANCES FROM CUBAN GOVERNMENT THAT IT (CUBA) CAN MAKE AVAILABLE RAW SUGAR IN AMOUNTS NEEDED KEEP NOUAKCHOTT REFINERY RUNNING AT CAPACITY. SIDI ALSO HAS COMMITMENT FROM FRENCH FIRM (SOMDIAA) SUPPLY RAW SUGAR FROM WORLD MARKET SOURCES AS PART REFINERY MANAGEMENT CONTRACT.

2. SIDI INFORMED ME HE WILL ARRIVE WASHINGTON SEPTEMBER 26. BUT, BECAUSE HE IS CHAIRMAN AFRICAN GROUP AT IBRD AND BECAUSE HE HAS MUCH BUSINESS TRANSACT WITH IBRD ON LOANS TO GIRM, HE WILL NOT BE AVAILABLE MEET WITH EXIM UNTIL OCTOBER 2ND OR 3RD. ON OCTOBER 4, HE TRAVELS TO HOUSTON FOR TALKS WITH ISC. DURING INTERIM, SIDI HOPES THAT HIS DIRECTOR OF INDUSTRIES BABA WILL BE ABLE IRON OUT WITH EXIM DOCUMENTARY AND OTHER LOAN WRINKLES. BABA ALSO PLANS VISIT KANSAS CITY DISCUSS AND HOPEFULLY GIVE FINAL APPROVAL TO PRITCHARD REFINERY DESIGN PAPERS. BABA SCHEDULED ARRIVE WASHINGTON WEEK OF SEPTEMBER 23.

3. HAVE ALSO URGED BOTH SIDI AND BABA MAKE EARLY CONTACTS WITH ATTORNEY MIDDLETON, WHO RETAINED BY GIRM EMBASSY WASHINGTON AND IS FULLY CONVERSANT WITH LANG/PRITCHARD/EXIM PROSPECTS AND PROBLEMS.

4. COMMENTS: FROM OUR END, HOPE IS THAT PRESENCE BOTH MINISTER SIDI AND DIRINDUSTRIES BABA IN WASHINGTON OVER NEXT TWO WEEKS WILL RESULT IN POSITIVE DECISION MOVE AHEAD WITH CONSTRUCTION OR AT LEAST FINAL NO-GO DECISION ON PRITCHARD PROJECT. I ALSO HOPE EXIM WILL BE PREPARED TO LAY ITS RESERVATIONS AND ALL OTHER CARDS FACE-UP ON THE TABLE UNABLE SIDI AND COMPANY SUPPLY ALL POSSIBLE ASSURANCES AND DOCUMENTATION STILL OUTSTANDING. L'AFFAIRE LAND HAS BEEN IN PROGRESS SINCE SEPTEMBER 1972, TWO YEARS EXACTLY, WITH FEW CONCRETE RESULTS AND MUCH EMBARRASSMENT TO BOTH SIDES.

WHAT I WOULD WANT TO AVOID IS FURTHER MONTHS OF INDECISION, LIMITED OFFICIAL USE

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DELAY AND UNCERTAINTY WHICH WILL ONLY WORK TO THE DETRIMENT OF US COMMERCIAL PROSPECTS HERE, MODEST THOUGH THESE MAY BE.

4. FINALLY, WITH REGARD TO EXIM GUNSHYNESS RE LAND (WHICH I FULLY SHARE), CAN ONLY POINT OUT THAT NOUAKCHOTT SUGAR REFINERY PROJECT IS DE FACTO NO LONGER IN LANG'S HANDS. ENTIRE SPECTRUM OF NEGOTIATIONS, DESIGN AND CONSTRUCTION HAS BEEN TURNED OVER TO LANG'S SISTER ISC COMPANY J. F. PRITCHARD.

PRITCHARD REPS HAVE MADE MOST CONVINCING CASE HERE THAT THEY  
ARE BOTH CAPABLE OF AND WILLING TO MOVE AHEAD WITH THIS, A  
VIRTUAL NO-PROFIT JOB. WHAT THEN HAS BEEN EXIM'S PRIOR  
EXPERIENCE WITH PRITCHARD? TO TALK OF LANG'S TRACK RECORD  
AT THIS POINT JUST LIKE BEATING A VERY DEAD HORSE.  
SHURTLEFF

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## Message Attributes

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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 SEP 1974  
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